PUBLIC DISCLOSURE

May 11, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HOLLADAY BANK & TRUST
Certificate Number 21448

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Salt Lake City, Utah 84117-5171

Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

NOTE: **This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of ***Holladay Bank & Trust*** *(HBT) prepared by the* ***Federal Deposit Insurance Corporation (FDIC)****, the institution's supervisory agency, as of* ***May 11, 2009****. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

HBT has a satisfactory record of helping to meet the credit needs of its assessment areas (AAs), including LMI individuals, businesses, and neighborhoods, in a manner consistent with its resources and capabilities. This rating was determined using the small bank examination procedures, which analyze the bank's CRA performance under the lending test. The bank's overall CRA rating is based upon the following findings:

- Given HBT's size, financial condition, and AA credit needs, the bank's average net loan-to-deposit (ANLTD) ratio is more than reasonable considering seasonal variations and taking into account lending related activities.

- A majority of the bank's construction and land development, commercial, and Home Mortgage Disclosure (HMDA) reportable loans were originated within the AAs during the review period.

- The overall distribution of construction and land development, commercial, and HMDA-reportable loans reflects a reasonable dispersion throughout the AAs.

- The overall performance in regards to borrower profile is considered excellent in light of the demographics of the AA and other performance context criteria. In particular, the distribution of loans among businesses of varying sizes is considered excellent. The distribution of HMDA reportable loans is considered poor; however, this is not a major product line of the bank and minimal weight was given to this distribution.

- No CRA related complaints have been filed against the bank since the previous CRA Evaluation.

- No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

SCOPE OF THE EVALUATION

The CRA Evaluation was conducted at HBT's sole office which is located in Salt Lake City, Utah. HBT was evaluated using small bank examination procedures given the bank's total assets of approximately $71 million. These procedures apply to banks with total assets of less than $277 million. In particular, the bank's performance under the lending test was reviewed. Commercial loans (which include commercial real estate and commercial and industrial development loans) and construction, land development, and other land loans (referred to as construction and land development loans throughout the CRA Performance Evaluation) originated during 2007 and 2008 were reviewed. In addition, HMDA loans originated during 2008 were reviewed. A minimal number of farm and consumer loans were originated by the bank during the aforementioned time period and therefore were not reviewed. Aggregate home mortgage loan data is not presented for 2008 since this information is not yet available. The evaluation includes the distribution of the bank's lending performance by the number of loans originated during the review period within the designated AA. The distribution of lending by dollar volume was reviewed; however, this data is only presented and discussed if it substantially differs from the performance by number of loans.

In evaluating the bank's performance, the following factors are considered: the AA's economic environment; demographic characteristic of the AA; lending opportunities; financial resources and constraints of the bank; product offerings, lending expertise, business strategy; information derived from community contacts; area competition; and the performance of similarly situated institutions. The bank's performance as it relates to its construction and land development loans was given the most weight when arriving at the bank's overall performance. This is due to the volume of originations and percentage of the loan portfolio these loans comprise in relation to the other two loan products reviewed. HMDA-reportable loans were given minimal weight. In addition, the bank's performance within the Metropolitan Statistical Area (MSA) AA was given the most weight considering that the bank's sole office is located within this area, and the majority of originations were extended within the MSA.

DESCRIPTION OF INSTITUTION

HBT is a $71 million commercial bank with total loans of approximately $58 million as of March 31, 2009. The bank's sole office is located in Salt Lake City, Utah. No offices have been opened or closed since the previous evaluation. The bank's lending focus continues to be construction and land development loans and commercial loans, which is in line with the bank's business plan. In particular, construction and land development loans comprise 53 percent of total loans. Commercial loans comprise 28 percent of the total loan portfolio. Residential real estate (1 to 4 family and multi-family residential loans), consumer, and agricultural loans comprise 17 percent, 1 percent, and 1 percent of the portfolio, respectively.

Residential mortgage and consumer loans are generally only originated by the bank as an accommodation to existing customers. The bank does not actively seek these types of credits. In most instances, customers seeking a residential real estate loan are referred to another area financial intermediary.

The lending niche of HBT fulfills a particular credit need of the AA. The following table depicts the distribution of the bank's loan portfolio. The information was derived from the bank's March 31, 2009 Report of Condition.

TABLE 1
Composition of Loan Portfolio as of March 31, 2009

Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	30,347	53
Secured by Farmland	0	0
1-4 Family Residential	8,858	15
Multi-Family (5 or more) Residential	1,241	2
Commercial Real Estate	12,946	22
Total Real Estate Loans	**53,392**	**92**
Commercial/Industrial	3,207	6
Lease Financing Receivables	0	0
Agricultural	702	1
Consumer	681	1
Other Loans	0	0
Obligation of state and political subdivisions	0	0
LESS: Unearned Income on Loans	186	Nominal
Total Loans	**57,796**	**100**

Source: March 31, 2009 Report of Condition (Call Report)

In addition to the loan products offered, various deposit products and services are available and are considered sufficient. In addition, customers have 24-hour access to their accounts at the institution's automated teller machine (ATM). Also, the bank operates a website which allows customers to obtain information regarding products and the location of the office. In addition, customers are able to access their accounts through the website.

There are no legal situations that hinder the bank's ability to continue to offer credit products. However, the weakened economy, increased foreclosures, unemployment, and an overall decline in the number of housing permits affect all financial institutions operating in the AAs.

The bank received a CRA rating of "Satisfactory" as a result of the April 19, 2004, CRA Performance Evaluation. Small bank CRA examination procedures were also used during this evaluation.

DESCRIPTION OF ASSESSMENT AREA

HBT has two designated AAs which are both in conformance with the technical requirements of the CRA regulation. One AA includes all of the Salt Lake City, Utah, and Provo-Orem, Utah, MSAs. Since these two areas are contiguous to one another and no offices are located in the Provo-Orem MSA, the bank's performance within these two MSAs is combined for presentation purposes. This AA will be referred to as the **MSA AA** throughout the evaluation. The bank's other AA includes three counties (Duchesne, Uintah, and Wasatch) which are not located within a MSA. This AA will be referred to as the **non-metropolitan AA** throughout the evaluation. The following demographic and economic information relates to the two combined AAs.

In total the bank's combined AA includes 305 census tracts (CTs). Of these CTs, 24 percent are designated LMI income. All of the low-income CTs are located within the MSA AA. Of the total AA families, 21 percent reside in LMI CTs. Regardless of the CT in which a family resides, 37 percent of the families earn income defined as low or moderate. The AA encompasses 472,000 housing units, of which 65 percent are owner-occupied, 28 percent are rental units, and 7 percent are vacant. The median housing value according to the 2000 U.S. Census data was $164,000. According to information obtained from D&B, approximately 157,000 businesses are located within the combined AA. Of these businesses, 62 percent earn gross annual revenues (GARs) of $1 million or less with 24 percent of total businesses situated within LMI CTs. The following table provides additional demographic data for the combined AA:

TABLE 2
Demographics of the Combined AAs

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	305	4	20	48	27	1
Population by Geography	1,400,442	3	20	50	27	0
Owner-Occupied Housing by Geography	303,980	1	15	54	30	0
Business by Geography	156,528	6	18	45	31	0
Distribution of Total Families by the Income Level of the Family	331,455	17	20	25	38	0
Distribution of Total Families within Different Income Level CTs	331,455	2	19	52	27	0

Source: 2000 U.S. Census and D&B
(*) The NA category consists of geographies that have not been assigned an income classification.

Competition for lending is strong within the bank's AAs. As of June 30, 2008, 61 institutions operated 284 offices throughout the Salt Lake City MSA. The bank operates one office within this MSA and captured only .03 percent of the deposit market. During the same time period, 18 institutions operated 93 offices in the Provo-Orem MSA and 6 institutions operated 15 offices throughout the bank's non-metropolitan AA. As previously mentioned, the bank does not operate any offices in these areas.

In addition to competitive factors, the decline in the economic conditions of the bank's AAs has created difficulties for both borrowers and financial intermediaries. These difficulties include, but are not limited to, increased delinquencies, foreclosures, and unemployment. In addition, all of the counties within the AA that reported information relating to housing permits, with the exception of Summit County, experienced a sharp decline in the number of housing permits issued. The unemployment rate as of year-end 2008 for the bank's AA is in line with that of the State of Utah and below that of the nation as a whole. However, the ratio is trending upward. Significant job losses in manufacturing, especially relating to construction, has affected the opportunities for lending. Additionally, based upon information reported by the U.S. Bankruptcy Court of Utah, bankruptcy filings increased in 2008 and soared during the first three months of 2009.

Community Contact

Several community contacts recently conducted within the bank's AAs were reviewed. In addition, one community contact was performed for this evaluation. The contact indicated a need for small business credit, start-up capital, and programs for borrowers with poor credit histories. Although the contact revealed that banks should better meet these needs, the contact also stated that much of the need is the result of current economic conditions. The contact perceived that local banks tightened credit standards due to the poor economy, thereby decreasing the amount of credit offered to those with poor credit histories.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

HBT's performance was reviewed using the small bank examination procedures. Construction and land development and commercial loans originated during 2007 and 2008 were reviewed. In addition, HMDA-reportable transactions originated during 2008 were reviewed.

LENDING TEST

Loan-to-Deposit Ratio

HBT's ANLTD ratio is more than reasonable given the bank's size, financial condition, current economic environment, loan growth, and AA credit needs. The ANLTD ratio calculated for the period since the previous evaluation is 91 percent. This ratio was determined by averaging the quarterly NLTD ratios derived from the previous 20 Consolidated Call Reports filed during the period of June 30, 2004, through March 31, 2009.

Over the review period, the ratio fluctuated from a high of 100 percent to a low of 73 percent. However, overall the ratio has trended upward. The ratio as of the second quarter of 2004, was 78 percent while the ratio as of March 31, 2009, was reported at 90 percent. The increase in the ratio is due to the loan growth outpacing that of deposit growth. In particular, loans grew 123 percent while deposit increased 93 percent over the review period.

Peer data from the Uniform Bank Performance Report was used as a comparison. As of March 31, 2009, the bank's ANLTD ratio of 90 percent compared favorably to the 79 percent reported by peer banks. A comparison of a similarly situated institution was also completed. Only one institution is considered similar to the bank. The similar bank's ANLTD ratio calculated for the same 20 quarter period is 63 percent. The bank's performance compares favorably to that of the similarly situated institution.

Lending in AA

HBT originated a majority of its construction and land development, commercial, and HMDA-reportable loans within the bank's combined AA over the review period. In particular, 85 percent by number and 90 percent by dollar volume of these loans were originated within the AAs. The percentage of construction and land development as well as commercial loans originated within the AA by number and dollar volume increased from 2007 to 2008.

As shown below, only one year of HMDA data is presented.

TABLE 3 Distribution of Loans Inside and Outside of the AAs										
Loan Category or Type	**Number of Loans**					**Dollars in Loans (000s)**				
	Inside		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Construction & Land Development										
2007	56	84	11	16	67	27,125	89	3,379	11	30,504
2008	30	88	4	12	34	10,777	92	935	8	11,712
Subtotal	86	85	15	15	101	37,902	90	4,314	10	42,216
Commercial										
2007	7	78	2	22	9	2,648	95	126	5	2,774
2008	13	93	1	7	14	5,374	98	99	2	5,473
Subtotal	20	87	3	13	23	8,022	97	225	3	8,247
Home Mortgage										
2008	4	80	1	20	5	704	59	480	41	1,184
Total	**110**	**85**	**19**	**15**	**129**	**46,628**	**90**	**5,019**	**10**	**51,647**

Source: HMDA-LAR (2008) and Internal Bank Reports (2007 and 2008)

Geographic Distribution of Loans

The geographic distributions of construction and land development loans and commercial loans originated during 2007 and 2008 as well as the HMDA-reportable loans originated during 2008 reflect a reasonable dispersion throughout the AAs. The geographic distribution of the total businesses in the AAs as well as the distribution of families within the different income level tracts was used for comparative purposes.

Construction and Land Development Loans

As shown on the following page, no loans were originated in low-income CTs in either 2007 or 2008. This is below the 6 percent of businesses operating within these CTs. As previously mentioned, the bank competes with numerous other financial intermediaries for loans of this nature. Many of these institutions operate numerous branch offices throughout the bank’s AAs. HBT’s physical presence is limited to one office. As such, the bank’s ability to effectively compete with larger institutions is hindered, especially considering the current economic environment and the impact this has had on the bank’s financial condition.

The bank originated 20 percent and 30 percent of construction and land development loans within moderate-income tracts in 2007 and 2008, respectively. The bank's level of lending in moderate-income tracts over the 2 year review period compares favorably to the 18 percent of businesses located within these tracts. Additionally, the percent of loans originated within these tracts improved despite the decline in the bank's overall lending.

Overall, the bank's performance is reasonable when considering area competition, business demographic data, the bank's limited presence in the AA, economic conditions, and other performance criteria. Furthermore, the distribution of loans within moderate-income tracts is excellent considering the percent of originations within these tracts as well as the increase in the percentage of lending within such areas.

TABLE 4
Distribution of Construction and Land Development Loan Originations
By Income Category of the CT

CT Income Level	% of Businesses	2007		2008	
		#	%	#	%
Low	6	0	0	0	0
Moderate	18	11	20	9	30
Middle	45	29	52	14	47
Upper	31	16	28	7	23
Total	**100**	**56**	**100**	**30**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

As shown on the next page, no loans were originated in low-income CTs in either 2007 or 2008. This is below the 6 percent of businesses operating within these CTs. However, as discussed under the geographic distribution of construction and land development loan section above, area competition, economic conditions, and the bank's limited presence in the AA impacts HBT's ability to capture a greater segment of this market.

The bank originated 57 percent and 15 percent of commercial loans within moderate-income tracts in 2007 and 2008, respectively. While the bank's overall level of lending in moderate-income areas over the 2 year review period compares favorably to the 18 percent of businesses located within these CTs, there was a significant decline from 2007 to 2008. However, it is important to note that the percent distributions shown for the bank are somewhat skewed due to the minimal number of loans of this type originated within each year.

Overall, the bank's performance is reasonable when considering area competition, business demographic data, economic conditions, and the bank's limited presence in the AA.

TABLE 5 **Distribution of Commercial Loan Originations** **By Income Category of the CT**					
CT Income Level	**% of Businesses**	**2007**		**2008**	
		#	%	#	%
Low	6	0	0	0	0
Moderate	18	4	57	2	15
Middle	45	2	29	8	62
Upper	31	1	14	3	23
Total	**100**	**7**	**100**	**13**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

HMDA Reportable Loans

Only four HMDA loans were reported during 2008. Of these loans, two were extended within moderate-income areas. The remaining two loans were evenly dispersed between middle- and upper-income tracts. The distribution of these loans is reasonable considering the demographics of the AA.

Borrower Profile

While the distribution of the HMDA-reportable loans is poor, the bank's overall performance under this criterion is excellent considering the bank's performance context. As previously indicated, the distribution of construction and land development loans are given the most weight in evaluating the bank's performance. Minimal weight is given to the distribution of HMDA-reportable loans. HMDA loans are not a major product line of the bank and only four such transactions were originated during 2008. Demographics are presented for comparative purposes.

Construction and Land Development Loans

The following table illustrates the distribution of construction and land development loans according to the GARs of the business. Approximately 80 percent of the loans originated during 2007 and 2008 were to businesses with reported GARs of $1 million or less compared to the 62 percent of businesses located within the AA earning revenues of this amount. A further breakdown reveals that approximately 73 percent and 70 percent of the loans were originated to businesses with GARs of $500,000 or less during 2007 and 2008, respectively. This performance compares favorably to the 58 percent of businesses located within the AA that earn revenues of the same amount.

Furthermore, the majority of the credits originated during the 2 year review period were to businesses with GARs of $250,000 or less. Overall, the distribution of loans to businesses of varying sizes is considered excellent.

TABLE 6
Distribution of Construction and Land Development Loan Originations by GAR of the Business

GAR Categories	2007		2008	
	#	%	#	%
≤ $100M	6	11	5	17
>$100M to ≤$250M	22	39	13	43
>$200M to ≤$500M	13	23	3	10
>$500 to ≤$1 million	6	11	3	10
>$1 million	9	16	6	20
Total	**56**	**100**	**30**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

The following table illustrates the distribution of commercial loans according to the GARs of the business. During 2007, the bank originated 57 percent of its loans to businesses with reported GARs of $1 million or less. The percentage of originations to businesses earning revenues of $1 million or less increased to 92 percent during 2008. A total of 62 percent of businesses located within the AA earning revenues of the same amount. A further breakdown reveals that approximately 43 percent and 61 percent of the loans were originated to businesses with GARs of $500,000 or less. Of the businesses within the AA, 58 percent earn revenues of the same amount. A lower percentage of loans were originated to businesses with GARs of $500,000 or less in 2007 than in 2008.

It is important to note that a greater percentage of loans in 2007 were reported to businesses earning revenues of only $100,000 or less. Overall, the distribution of loans to businesses of varying sizes is considered adequate

However, it is important to again note that the relatively small number of originations somewhat skews the percentage distribution.

TABLE 7 Distribution of Commercial Loan Originations by GAR of the Business				
GAR Categories	**2007**		**2008**	
	#	**%**	**#**	**%**
≤ $100M	2	29	2	15
>$100M to ≤$250M	0	0	5	38
>$200M to ≤$500M	1	14	1	8
>$500 to ≤$1 million	1	14	4	31
>$1 million	3	43	1	8
Total	**7**	**100**	**13**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

HMDA Reportable Loans

Of the four HMDA reportable loans originated in 2008, all were to upper-income borrowers within the MSA AA. This performance is not in line with the demographic data presented under the Description of the AA section of the performance evaluation and is considered poor. However, as previously mentioned, home mortgage lending is not the bank's primary focus. Furthermore, loans of this nature comprises an insignificant amount of the bank's originations and loan portfolio and therefore received minimal weight when arriving at the bank's overall CRA rating.

<u>Response to Complaints</u>

The bank has not received any CRA related complaints since the previous FDIC CRA Evaluation.

<u>Fair Lending or Other Illegal Credit Practices Review</u>

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MSA AA:

A full-scope review was performed for this MSA AA since the majority of the construction and land development, commercial, and HMDA-reportable loans were originated within this AA. Furthermore, the bank's sole office is located within this area.

DESCRIPTION OF AA

This AA is comprised of the Salt Lake City and Provo-Orem MSAs. In particular, the AA encompasses the entire counties of Salt Lake, Summit, Toole, Juab, and Utah. In total, the AA includes 292 CTs. Of these, 4 percent, 20 percent, 47 percent, and 28 percent are designated as low-, moderate-, middle-, and upper-income areas, respectively. In addition, 1 percent of the CTs have no reported income. All of the low-income CTs contained within the combined AA are located within the MSA AA. Of the businesses operating within this AA, 62 percent reported GARs of $1 million or less, with 58 percent of these earning revenues of less than $500,000. The distribution of total businesses within the different income level CTs within this AA is displayed on page 14.

Competition within the AA is strong. Approximately 79 institutions operated 377 offices throughout this area as of June 30, 2008. Of the deposit market share, HBT's percentage share was nominal. In addition to area competition, the local economy has weakened which has impacted lending opportunities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

During 2007 and 2008 combined, the bank originated 59 construction and land development loans totaling $30 million within this AA. These originations comprise approximately 69 percent by number, and 78 percent by dollar volume, of the total construction and land development loans originated during 2007 and 2008 within both AAs combined. During the same time period, the bank originated 15 commercial loans equaling $6 million within this AA. This represents 75 percent by number and 78 percent by dollar volume of the total commercial loans originated within both AAs combined over the 2 year review period. All four of the HMDA loans originated during 2008 were extended to borrowers within this AA.

Geographic Distribution of Loans

Construction and Land Development Loans

The bank's geographic distribution of its construction and land development loans originated within the MSA AA is reasonable considering the bank's performance context. The bank has no lending in low-income tracts, which is consist with the bank's overall performance. However, the level of lending within moderate-income areas within this AA is not as favorable as that of the AA as a whole. During 2007, the percentage of loans within moderate-income areas at 10 percent is well below the percentage of businesses located within these areas (19 percent). However, the level of lending within these CTs increased substantially in 2008 and compares favorably to demographic data.

TABLE 8
Distribution of Construction and Land Development Loan Originations
By Income Category of the CT

CT Income Level	% of Businesses	2007		2008	
		#	%	#	%
Low	6	0	0	0	0
Moderate	19	4	10	4	24
Middle	43	25	59	7	41
Upper	32	13	31	6	35
Total	**100**	**42**	**100**	**17**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

The geographic distributions of HBT's commercial loans within this AA is reasonable. In particular, the level of lending within moderate-income areas during 2007 well exceeds the percentage of businesses situated within these tracts while performance in 2008 represents a significant decline. Also, no loans were originated within low-income areas. As previously indicated, the small number of originations skews the percentage distribution.

TABLE 9 Distribution of Commercial Loan Originations By Income Category of the CT					
CT Income Level	**% of Businesses**	**2007**		**2008**	
		#	**%**	**#**	**%**
Low	6	0	0	0	0
Moderate	19	4	80	1	10
Middle	43	0	0	6	60
Upper	32	1	20	3	30
Total	**100**	**5**	**100**	**10**	**100**

Source: D&B Data and Internal Bank Reports (2007 and 2008)

HMDA-Reportable Loans

All HMDA-reportable loans originated by the bank were within this AA and therefore the performance within this area mirrors overall performance.

<u>Borrower Profile</u>

Construction and Land Development Loans

As depicted in the following table, the distribution of the construction and land development loans within this AA is considered excellent which is in line with that of the AA as a whole. The performance compares favorable to demographic data which indicates 58 percent and 62 percent of the businesses as having GARs of less than $500,000 and $1 million or less, respectively.

TABLE 10 Distribution of Construction and Land Development Loan Originations by GAR of the Business				
GAR Categories	**2007**		**2008**	
	#	**%**	#	**%**
≤ $100M	4	9	4	23
>$100M to ≤$250M	13	31	9	53
>$200M to ≤$500M	12	29	2	12
>$500 to ≤$1 million	6	14	1	6
>$1 million	7	17	1	6
Total	**42**	**100**	**17**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

As depicted in Table 11, the distribution of the commercial loans within this AA is slightly better than that of the combined AA that was presented earlier. This determination was rendered based upon a review of the information contained within the following table in relationship to the distribution of businesses by GARs previously displayed.

TABLE 11 Distribution of Commercial Loan Originations by GAR of the Business				
GAR Categories	**2007**		**2008**	
	#	**%**	**#**	**%**
≤ $100M	2	40	2	20
>$100M to ≤$250M	0	0	3	30
>$200M to ≤$500M	1	20	1	10
>$500 to ≤$1 million	1	20	4	40
>$1 million	1	20	0	0
Total	**5**	**100**	**10**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

HMDA Reportable Loans

All of the HMDA-reportable loans originated during 2008 were extended within this AA. As previously mentioned, all loans were to upper-income borrowers. This performance mirrors the bank's overall performance and is considered poor.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-METROPOLITAN AA:

A limited-scope review was performed for this non-metropolitan AA. The bank does not operate any offices within this AA.

DESCRIPTION OF AA

The area comprises Duchesne, Uintah, and Wasatch Counties, all of which are located within a non-metropolitan area. In total, the AA includes 13 CTs. Of these CTs, 31 percent, 54 percent, and 8 percent are designated as moderate-, middle-, and upper-income areas, respectively. In addition, 7 percent of the tracts have no reported income. No low-income CTs are contained within this AA. Of the businesses operating within this AA, 60 percent reported GARs of $1 million or less, with 58 percent of these earning revenues of less than $500,000.

The distribution of total businesses within the different income level CTs within this AA is displayed in Table 12.

As of June 30, 2008, 6 institutions operated a total of 15 offices throughout this area. As previously indicated, the bank does not have a physical presence in this area. This area has experienced similar economic problems as that of the AA as a whole.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

During 2007 and 2008 combined, the bank originated 27 construction and land development loans totaling approximately $8 million within this AA. These originations comprise approximately 31 percent by number and 22 percent by dollar volume of the total construction and land development loans originated during 2007 and 2008 within both AAs combined. During the same time period, the bank originated 5 commercial loans equaling $2 million within this AA. This represents approximately 20 percent by number and dollar volume of the total commercial loans originated within both AAs combined over the 2 year review period. No HMDA loans were originated during 2008 within this AA; therefore, there is no discussion relating to this loan product.

Geographic Distribution of Loans

Construction and Land Development Loans

As shown below, the percentage of loans originated within moderate-income areas during 2007 and 2008 well exceeds the percentage of businesses located within these tracts. No loans were originated within low-income tracts since no such designated tracts are located within this area. Overall, the performance is considered excellent; however, due to the relatively small number of loans originated during the two-year review period, the percentages are slightly skewed.

TABLE 12
Distribution of Construction and Land Development Loan Originations
By Income Category of the CT

CT Income Level	% of Businesses	2007		2008	
		#	%	#	%
Low	0	0	0	0	0
Moderate	5	7	50	5	38
Middle	78	4	29	7	54
Upper	17	3	21	1	8
Total	**100**	**14**	**100**	**13**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

The substantial majority of the five commercial loans originated during 2007 and 2008 were extended within middle-income geographies. This performance is reasonable considering that the bulk of the CTs include within this AA are designated as middle-income.

Borrower Profile

Construction and Land Development Loans

With the exception of the percentage of loans originated to businesses earning revenues of $500,000 or less in 2008, the distribution of loans according to the GARs of the business compares favorably to the demographic data. Demographic data indicates that of the businesses operating within this AA 58 percent and 60 percent earn revenues of less than $500,000 and $1 million or less, respectively. The bank's performance is reasonable.

TABLE 13
Distribution of Construction and Land Development Loan Originations by GAR of the Business

GAR Categories	2007		2008	
	#	%	#	%
≤ $100M	2	14	1	8
>$100M to ≤$250M	9	65	4	31
>$200M to ≤$500M	1	7	1	8
>$500 to ≤$1 million	0	0	2	15
>$1 million	2	14	5	38
Total	**14**	**100**	**13**	**100**

Source: D&B and Internal Bank Reports (2007 and 2008)

Commercial Loans

All of the commercial loans originated in 2007 were to businesses with GARs of over $1 million. Of the 3 loans originated in 2008, the majority were to businesses earning GARs between $100,000 and $250,000. The distribution is reasonable.

APPENDIX A

SCOPE OF EXAMINATION:

HBT
SCOPE OF EXAMINATION: The bank's performance under the Lending Test was reviewed.
TIME PERIOD REVIEWED: Construction and land development loans and commercial loans originated during 2007 and 2008 were reviewed. In addition, HMDA-reportable transactions originated during 2008 were reviewed.
PRODUCTS REVIEWED: Construction and land development, commercial and HMDA-reportable loans were reviewed.

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	**TYPE OF EXAMINATION:**	**BRANCHES VISITED:**	**OTHER INFORMATION:**
MSA Assessment Area	**Full Scope**	**0**	**NA**
Non-Metropolitan Area	**Limited Scope**	**0**	**NA**

APPENDIX B- GENERAL DEFINITIONS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, it a person or geography is located outside an MSA.

CTs: A small subdivision of metropolitan and other densely populated counties.
CTs boundaries do not cross county lines; however, they may cross the boundaries of MSAs. CTs usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, (4) activities that revitalize or stabilize: (i) Low-or moderate-income geographies; (ii) Designated disaster areas; or (iii) Distressed or underserved non-metropolitan middle-income geographies designated by the agencies, based on
a. Rates of poverty, unemployment, and population loss; or
b. Population size, density, and dispersion.
Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro-enterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into the following below:

- Male householder (A family with a male householder and no wife present) or
- Female householder (A family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A CT delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business (es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of geography.